(c) The reasons for the mild slowdown is *inter-alia* attributed to lower than expected expansion in manufacturing output and lower growth in the output of energy utilities, which has been partially offset by better than expected expansion in the farm sector. The Government has taken various fiscal, monetary and administrative measures to maintain the momentum of growth with price stability. These measures include minimal pass through of international prices of crude oil to domestic consumers, reduction in general CENVAT rate, rejuvenation of agriculture under the National Food Security Mission and Rashtriya Krishi Vikas Yojana.The Government has also increased the allocation for infrastructure programmes in the Budget 2008-09, which will help in addressing some of the supply side constraints towards sustaining growth.

Different inflation rates in urban and rural areas

†4186. SHRI BANWARI LAL KANCHHAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that there is difference in inflation rates in the urban and rural areas;

(b) whether the rate of inflation based on Wholesale Price Index is 6.28 per cent and it is 9.44 per cent for agricultural and rural labourers as per the figures of the year 2007-08;

(c) whether it is a fact that urban inflation rate is 7 per cent at present and agricultural rural inflation rate is 10 per cent;

(d) whether the norms for conducting the survey of inflation by Government, assuming that almost 600 villages of the rural areas as basis is proper;

(e) whether any measures would be taken by Government to remove the difference of inflation between urban and rural area;

(f) if so, by when; and

(g) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (g) The rate of inflation depicted by different index numbers would be different due to difference in the consumption pattern of the target population, scope and coverage, base prices, current prices and other structural differences. There is at present no separate series for rural and urban areas as such. The CPI(IW), CPI(UNME) are generally urban oriented whereas the CPI-AL/RL are rural centric. Year on year inflation based on price indices is indicated in table below:

Year-on-Year Inflation for 2007-08 (in per cent)

	WPI	CPI(IW)	CPI(UNME)	CPI(AL)	CPI(RL)
1	2	3	4	5	6
BASE:->	93-94	1982	84-85	86-87	86-88
Apr.	6.28	6.67	7.74	9.44	9.12
May	,5.46	6.61	6.79	8.22	7.90
Jun.	4.53	5.69	6.08	7.84	7.53

† Original notice of the question was received in Hindi.

1	2	3	4	5	6
July	4.71	6.45	6.86	8.60	8.02
Aug.	4.14	7.26	6.40	8.80	8.51
Sep.	3.51	6.40	5.74	7.89	7.61
Oct.	3.11	5.51	5.48	6.99	6.72
Nov.	3.25	5.51	5.06	6.15	5.88
Dec.	3.84	5.51	5.07	5.90	5.63
Jan.	4.50	5.51	4.84	5.63	5.88
Feb.	4.60(P)	5.47	5.23	6.38	6.11
March	6.39(P)	7.87	6.02	7.91	7.63

The sample of 600 villages for present series of CPI-AL/RL was selected scientifically through stratified random sampling technique. These villages are spread over 20 States for which separate series of index numbers are being compiled and maintained. This sample size was decided by the Technical Advisory Committee on Statistics of Prices and Cost of Living (TAC on SPCL) in pursuance of the recommendation of the Working Group constituted for the purpose.

Containment of inflation, both for the rural and urban consumers, remains high on the agenda of the Government. Anti-inflationary policies of the Government include strict fiscal discipline, rationalization of duties of essential items, effective supply-demand management of essential commodities through liberal tariff and trade policies, and a targeted public distribution system.

Interest rates in medium term perspective

4187. SHR1 RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) what is Government's view on interest rates in the medium term and what are the implications of the United States of America's (USA) Federal rate cut on the Indian Rupee; and

(b) what is Government information about the strategies of Central Banks of other countries in Asia and their response to the USA's Federal cut in interest rates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) With comfortable liquidity conditions in the system and no change in the policy rates by the Reserve Bank of India (RBI) in their Annual Policy Statement (April 2008) for 2008-09, interest rate scenario in the near term, barring any abrupt changes in the sentiments or global liquidity conditions, appears to be stable. In the Policy Statement, the RBI noted the heightened global uncertainty, but stressed that it had sufficient headfoom to react flexibly to changing global financial condition through the deployment of instruments such as the Market Stabilisation Scheme (MSS), the Cash Reserve Ratio (CRR), the Statutory